

February 28, 2013

Yolanda Cruz, President
Municipal Employees' Federation, AFSCME Local 101
c/o Dr. MLK Jr. Library
150 E. San Fernando St.
San Jose, CA 95112

Re: Information Regarding the Management Performance Program (MPP)

Dear Yolanda:

In January, you had requested information related to the City's Management Performance Program, or "MPP." This letter is in response to your request for information on the MPP. For your reference, City Policy Manual Section 3.3.2, Management Performance Program Policy, is enclosed as it may provide helpful information as well.

As you know, the MPP does not apply solely to unrepresented employees in Unit 99, and Unit 99 does not consist solely of Department heads, but also includes Executive Staff, senior managers under the City Manager's appointing authority, Council Office staff, and professional or management employees under the appointing authority of the City Attorney, City Auditor, and Independent Police Auditor. In addition, there are employees in Unit 99 who work in the City Clerk's Office.

The MPP also applies to represented employees in the Association of Engineers and Architects, IFPTE Local 21 (AEA); the Association of Maintenance Supervisory Personnel, IFPTE Local 21 (AMSP); and the City Association of Management Personnel, IFPTE Local 21 (CAMP); as well as the Association of Legal Professionals (ALP). It should be noted that employees in Unit 99 and in AEA, ALP, AMSP and CAMP do not receive automatic step increases like employees represented by the Municipal Employees' Federation, AFSCME Local 101 (MEF) or the Confidential Employees' Organization, AFSCME Local 101 (CEO), among others. In addition, employees represented by the Association of Building, Mechanical and Electrical Inspectors (ABMEI), while on salary steps, do not receive automatic step increases based merely on hours of service but instead receive salary step increases based on performance.

Given that we have begun negotiations with MEF and CEO on successor Memoranda of Agreement (MOAs), if MEF and/or CEO are interested in transitioning from the automatic salary step increase model to the MPP, the City would be open to discussing this with you during the current negotiations.

For the last three (3) years, there was no budgeted amount for the MPP except for the approximate \$758K budgeted in the current fiscal year, which is in contrast to the \$6.6M budgeted for automatic step increases during the same time; please see the table below. As you know, salary increases for employees in the MPP are based on merit, and are not merely based on hours of service under the automatic step increase structure. In addition, the MPP is

subject to the City Manager's approval each year, and thus budgeted for when approved, whereas employees in the salary step structure receive it automatically so the City must account for these to occur each fiscal year.

Fiscal Year	Step Increase * (All Unions with Steps)	MPP *
2010-2011	\$2.5M	\$0
2011-2012	\$2.8M	\$0
2012-2013	\$1.3M	\$758K
Total	\$6.6M	\$758K

* Budgeted amount in the General Fund Only

Of the \$6.6M referenced in the table above, approximately \$1.5M is attributable to MEF and approximately \$122K is attributable to CEO (for an approximate total of \$1.6M) as shown in the table below. As noted above, there has been no MPP budgeted for Fiscal Years 2010-2011 and 2011-2012, and approximately \$758K is budgeted for the MPP for Fiscal Year 2012-2013 for the bargaining units eligible for the MPP which include employees represented by AEA, ALP, AMSP, and CAMP, along with Unit 99.

Fiscal Year	MEF	CEO
2010-2011	\$607K	\$49K
2011-2012	\$611K	\$48K
2012-2013	\$259K	\$25K
Total	\$1.5M *	\$122K *

* Estimated base budget value of the automatic salary step increases in the General Fund only

Of course, while there has been no MPP budgeted in two of the last three fiscal years, this did not preclude employees, either under the MPP or the automatic salary step structure like those represented by MEF and CEO, from receiving pay increases via promotions. As you know, promotions do not occur automatically; there must be a position available and the employee must be selected for the promotion. Any pay increases associated with an employee's promotion would be in consideration of the employee's performance, increased job duties, responsibilities, and expectations.

Again, if MEF and CEO would like to propose transitioning from the traditional automatic salary step increase model common in public agencies to the MPP, the City would be open to discussing this matter further during contract negotiations.

Sincerely,


Alex Gurza
Deputy City Manager

Management Performance Program**Section 3.3.2****PURPOSE**

The Management Performance Program (MPP) is intended to: (1) increase the accountability of City Management employees by ensuring that their job performance is evaluated at least annually, and (2) reinforce and recognize job performance results that exceed pre-established targets and expectations.

AUTHORITY

San Jose Council Resolution #51870 (October 10, 2001) establishes the manner in which management employees are compensated within their respective salary ranges, based on annual evaluations of job performance, and describes the basic rules for the administration of the MPP.

San Jose Municipal Code, Section 3.04.1700 states that the Director of Human Resources, in cooperation with the Appointing Authority, shall establish and maintain a method of rating the performance of employees in the classified service and that ratings shall be done not less than annually.

POLICY**1. Annual Evaluations.**

The job performance of each management employee shall be evaluated at least annually and this evaluation shall be used to determine the employee's rate of compensation within the salary range established for his/her job class.

2. Scope of Coverage.

The MPP applies to employees in positions defined as management (Unit 99—Executive Management and employees represented by AEA, AMSP, CAMP), except for employees in Temporary Unclassified positions and Council Appointees. Also, certain provisions of the MPP do not apply to management employees in the offices of the City Attorney or City Auditor, and these are specified in Section 4A of Council Resolution #51870.

3. Appraisal Periods.

The appraisal period for a management employee generally begins the first day of appointment to the management position and ends upon completion of the employee's probationary period.

(Please note that unclassified and temporary employees do not serve a probationary period since they are "at-will" employees. "At-will" employees should be evaluated after completing six months of full time service and annually thereafter consistent with other MPP employees.) After an employee completes probation, or has completed six months of service, the appraisal period corresponds to the City's fiscal year, July 1 through June 30. An exception to this is a special appraisal, which may be given at any time to communicate marginal or unsatisfactory performance. A special appraisal covers the period from the time of the last review to the designated special appraisal date.

Management Performance Program**Section 3.3.2****4. Switch from Initial Review to Annual Schedule.**

Since management employees' appraisal dates convert after completing probation (or for "at-will" employees after six months), to a common annual date in July, there will usually be one appraisal cycle for each individual where the appraisal period will be more, or less than twelve (12) months. Employees whose initial review occurs in January through June, and who receive a salary increase at the end of this period, shall not be eligible for an additional salary increase until the following appraisal year. Consequently, because of the conversion, they will have an appraisal period of thirteen (13) to eighteen (18) months.

Employees whose initial review occurs sometime in the first half of the appraisal year—July through December will be included in the next annual appraisal (the following July). Therefore, because of the conversion, they will have an appraisal period of six (6) to eleven (11) months.

5. Rating Criteria and MPP Form.

There are 5 "Key Elements" for the MPP employees. The MPP form should be used to document the appraisal results, with supplemental narrative and information attached.

The "Accomplishments" portion of the form should be used to describe specific goals and objectives that were established at the beginning of the appraisal period. These should directly relate to the Key Elements and the resulting performance ratings for each.

The "Achievement Plan" should document specific goals for the next appraisal period. It should be developed jointly by the manager and the MPP employee. The Achievement Plan should be described in terms of anticipated results. This is an opportunity to focus incorporating the corporate priorities (or the portions that apply) into the organization's way of doing business.

6. Management Pay Structure.

MPP job classes represented by AMSP, CAMP, AEA and classes in Executive Management—Unit 99 are in open ranges and do not have steps.

7. Annual Appraisal Salary Changes.

There are no automatic step increases in the MPP. For MPP classifications, the annual performance appraisal may include recommendations for merit increases up to the top of their salary ranges.

During the Fall of each year, the City Manager will provide guidelines for the types of salary changes that are typically appropriate for annual appraisal salary changes, corresponding to the overall performance rating.

Movement within the range is based on the overall performance appraisal rating.

Salary changes recommended through the annual appraisal process are effective at the beginning of the first pay period of the fiscal year, which typically falls around July 1.

Management Performance Program**Section 3.3.2****8. Additional Executive Leave.**

All participants in the annual appraisal process, and those probationary employees who served in an MPP job in a different class for the appraisal year, may be eligible for additional executive leave. Additional executive leave may be considered when the employee has received a particular rating. During the Fall of each year, the City Manager will provide guidelines for the additional executive leave, corresponding to the overall performance rating.

The following rules apply for additional executive leave:

- From one to five days may be awarded. For employees in Units 99 (Executive Management), CAMP, and AEA, this is in addition to the currently authorized five (5) days, for a maximum possible of ten (10) days. For employees in AMSP, five (5) days is the maximum possible.
- Employees who receive additional executive leave may also receive performance pay increases, if warranted.
- Executive leave is tracked (through PeopleSoft) on a calendar year basis, so additional executive leave approved through the annual performance appraisal process in July, will not be credited and available to use until the next calendar year, beginning in January.

9. Follow-up Performance Appraisal.

A management employee who receives an overall rating of "Improvement Needed" as a result of a performance appraisal should be given a follow-up performance appraisal 120 days after the initial evaluation. The purpose of the follow-up appraisal is to encourage performance improvement and assess the level of improvement that occurred in the intervening time period.

10. Evaluation Appeals.

If a management employee with permanent status (not provisional or probationary) receives an overall rating of "Improvement Needed," the employee may appeal the decision by first, requesting in writing, a hearing with the department head, within ten (10) calendar days after receiving the evaluation. The Department Director will conduct the hearing with the employee within twenty (20) calendar days after receiving the request to hear the employee's concerns. The Department Director will render a decision on the appeal within five calendar days of the hearing.

If the decision of the Department Director is not satisfactory to the employee, he or she may file a further appeal in writing to the appropriate Appointing Authority, within ten (10) calendar days after receiving notification from the Department Director. This appeal request should include a statement describing the reasons for the appeal. The Appointing Authority shall review the statement from the employee, make a final decision and inform the employee within thirty (30) days from receipt of the appeal.

Management Performance Program**Section 3.3.2****PROCEDURES**

- | | |
|---------------------|---|
| Supervisors | 1. Discuss performance rating criteria and process with management employee at the beginning of the appraisal period. |
| Supervisors | 2. Complete performance appraisal at the end of probation period and submit to Human Resources. |
| Human Resources | 3. Provide Department Director with information and timelines for the annual appraisal process. |
| Department Director | 4. Communicate instructions to supervisors on the annual appraisal process and timelines. |
| Supervisors | 5. Prepare performance appraisals and submit recommended awards to Department Director. |
| Department Director | 6. Determine the performance pay and executive leave recommendations for the department and submit recommendations to the Director of Human Resources. |
| Supervisors | 7. Conduct performance appraisal discussions and communicate any pay or executive leave changes to the management employees. Discuss Achievement Plans for the next appraisal period. |
| Human Resources | 8. Review recommendations for compliance with City Manager guidelines. |
| Department Director | 9. Send the MPP performance reports and the record of approved pay and executive leave changes to the Human Resources Department. |
| Human Resources | 10. Ensure implementation of all changes through Payroll changes and documentation in employee personnel files. |

Approved:

/s/ Alex Gurza
Deputy City Manager

/s/ Ed Shikada
Assistant City Manager

August 08, 2011
Date

August 08, 2011
Date

Management Performance Program 2011-2012

Employee:

Employee ID:

Class:

Department:

TYPE of Appraisal

☐

Probationary

7

Annual

☐

Special

KEY ELEMENTS

&

RATINGS

Leadership

Planning

Problem-Solving

Communications

Management

Overall Rating

Outstanding

Commendable

Satisfactory

Improvement
Needed

Name: _____

Employee ID # _____

1. Leadership: [INSERT RATING]

Comments:

2. Planning: [INSERT RATING]

Comments:

3. Problem Solving: [INSERT RATING]

Comments:

4. Communications: [INSERT RATING]

Comments:

5. Management: [INSERT RATING]

Comments:

OVERALL RATING AND COMMENTS: [INSERT RATING]

Comments:

FY 11-12 ACCOMPLISHMENTS:

FY 12-13 ACHIEVEMENT PLAN:

This document has been reviewed and discussed with employee. Signatures indicate that employee has been advised of his/her employee status and do not necessarily imply agreement with the evaluation.

	PRINT NAME	SIGNATURE	DATE
EMPLOYEE			
SUPERVISOR			
DEPARTMENT DIRECTOR OR DESIGNEE			

ACKNOWLEDGEMENT OF RECEIPT AND UNDERSTANDING OF KEY POLICIES

I, _____, acknowledge that I have received and will review the following
(Print Name)

Key Policies, which are located in the City Policy Manual, as well as any other policies, including Departmental policies, listed below:

- Discrimination and Harassment (1.1.1)
- Nepotism Policy (1.1.3)
- Non-Retaliation (1.1.4)
- Code of Ethics (1.2.1)
- Gift Policy (1.2.2)
- Outside Employment (1.2.3)
- Workplace Violence (1.3.1)
- Drug-Free Workplace (1.4.1)
- Substance Abuse* (1.4.2)
- Personal Use of City Equipment (1.6.2)
- Use of Email, Internet Services, and Other Electronic Media (1.7.1)
- Cellular Telephone (1.7.4)
- Use of City and Personal Vehicles (1.8.1)
- Discipline (2.1.3)
- _____
- _____
- _____

**Attached is the City's Substance Abuse Policy found in the City Policy Manual (CPM). This policy is the City's general policy on substance abuse. This policy directly applies to employees in Unit 99, employees represented by AEA, CAMP, AMSP, ABMEI, IAFF, MEF, CEO, POA and unrepresented employees. Employees represented by OE#3 & IBEW have their own substance abuse policies which are similar in most regards to the City's general policy but may contain slight variations. If you belong to a union which has its own Substance Abuse Policy, please refer to that policy, which can be found at the back of the applicable MOA.*

I understand that the City Policy Manual, which is located on the City's intranet, contains important information on the general rules, policies and practices of the City of San Jose. I understand that it is my responsibility to familiarize myself with the rules, policies, and practices contained in the City Policy Manual, including, but not limited to, the foregoing Key Policies.

I understand that it is my responsibility to adhere to and abide by the terms and conditions set forth in the City Policy Manual, including, but not limited to, the foregoing Policies, including Departmental policies, and that violation of City policies may result in disciplinary action.

Employee Signature

Date